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BUSINESS AND SUR  
CORPORATION FILE

# McCRORY STORES CORPORATION

*Annual Report*

**1948**

*i*  
*i*  
*i*

## *Directors*

RANDOLPH CATLIN	R. F. COPPEDGE	
A. J. FINK	FRANK J. HUMPHREY	N. BAXTER JACKSON
ROBERT W. JAMESON	HARRY O. LATHAM	WILLIAM L. LESS
F. W. PAUL	LEONARD SPANGENBERG	EUGENE W. STETSON

## *Executive Committee*

ROBERT W. JAMESON, *Chairman*

R. F. COPPEDGE	A. J. FINK	FRANK J. HUMPHREY
EUGENE W. STETSON		LEONARD SPANGENBERG

## *Officers*

R. F. COPPEDGE *Chairman of the Board of Directors*  
F. W. PAUL ..... *President*  
G. C. CHAMBERS ..... *Vice President*  
R. A. VROOM ..... *Vice President*  
M. O. HILL ..... *Vice President*  
T. C. LAWRENCE ..... *Financial Vice Pres. & Secretary-Treasurer*  
H. H. BOSCH ..... *Comptroller*

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<b>General Counsel</b> .....	<i>Sullivan &amp; Cromwell, New York, N. Y.</i>
<b>Auditors</b> .....	<i>S. D. Leidesdorf &amp; Co., New York, N. Y.</i>
<b>Transfer Agent</b> .....	<i>Guaranty Trust Company of New York</i>
<b>Registrar</b> .....	
<b>Common Stock</b> .....	<i>Bankers Trust Company, New York, N. Y.</i>
<b>Preferred Stock</b> .....	<i>Chemical Bank &amp; Trust Company, New York, N. Y.</i>
<b>General Office</b> .....	<i>1107 Broadway, New York, N. Y.</i>

DIRECTORS  
AND  
OFFICERS

February 14, 1949

TO THE STOCKHOLDERS:

There is presented herewith, on behalf of the Board of Directors, the Financial Statements of McCrory Stores Corporation for the Year 1948, together with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

Sales for the Year 1948 amounted to \$97,588,160. and exceeded 1947 by \$6,362,462. or 7%. In 1948 not all stores continued to show the upward trend in sales volume that has prevailed for the past few years. In most locations additional sales volume was secured only after physical expansion of store selling space. A comparative statement of sales and the number of stores in operation for the past ten years is shown on Page 6 of this Report.

Net income for the Year 1948 amounted to \$5,488,740. as compared with \$6,302,812. for the Year 1947. After providing for Preferred Dividends, the net income was equal to \$4.63 per share of Common Stock outstanding as compared with \$5.34 per share for 1947.

During 1948 the Corporation distributed to its Common Stock shareholders a greater portion of its earnings than in any previous year. The Board of Directors, at the year-end, increased the regular quarterly dividend on the Common Stock from 35c to 50c and declared an extra dividend of 50c which brought the total dividend payments for the Year 1948 to \$2.80 per share. The balance of the year's earnings, together with an amount equal to the annual depreciation taken by the Corporation, was invested in new stores and enlargement of old stores. These substantial expenditures for store development should contribute toward maintaining earnings in the years to come.

Further progress was made on the expansion and modernization program which the Corporation has had under way since the latter part of 1946. During the year, approximately \$4,000,000. was expended

McCRORY  
STORES  
CORPORATION

on this construction program. Six new store units were opened in the following cities:

SYRACUSE, N. Y.	TAYLOR, TEXAS
AIKEN, S. C.	WICHITA FALLS, TEXAS
PALESTINE, TEXAS	FRONT ROYAL, VIRGINIA

The new stores at Aiken, S. C. and Wichita Falls, Texas replaced former locations that did not afford room for expansion. In addition, major alterations adding to available store selling area were completed at the following ten stores:

MIAMI, FLA.	ORANGE, N. J.
TALLAHASSEE, FLA.	BARNESBORO, PA.
CRISFIELD, MD.	BRISTOL, PA.
ST. LOUIS, MO.	PHILADELPHIA, PA.
NEWARK, N. J.	PITTSBURGH, PA.

At the year-end, the Corporation deemed it advisable not to renew its present store lease at Jamaica, N. Y.

At the present time, the planned capital expenditures during 1949 will amount to approximately \$3,500,000. and will include the completion of three new stores at Kingsport, Tenn.; Lafayette, La.; and Eldorado, Ark., and the modernizing of ten store locations, which will practically complete our modernization program. In the future greater emphasis can be given to expansion by means of new store units.

The figures, graphs and pictures in the following pages illustrate the progress of the Corporation for the past ten years, which we believe will be of interest to you.

The Board of Directors wish to acknowledge that the success of the Corporation during the past year is due in great measure to the fine cooperation and genuine support of the entire McCrory organization.

BY ORDER OF THE BOARD OF DIRECTORS



R. F. COPPEDGE, *Chairman*

REPORT  
TO  
STOCKHOLDERS

# Ten Year Comparison

## SALES AND PROFITS

	<i>Number of Stores</i>	<i>Net Sales</i>	<i>Income before Federal Taxes</i>	<i>Income after Federal Income Taxes</i>	<i>Per Share of Common Stock</i>		
					<i>Income Taxes</i>	<i>Net Income</i>	<i>Dividends</i>
<b>1948</b>	202	\$97,588,160	\$ 8,688,740	\$5,488,740	2.81	4.63	2.80
<b>1947</b>	199	91,225,698	10,052,812	6,302,812	3.29	5.34	2.65
<b>1946</b>	199	84,509,508	10,537,776	6,537,776	3.51	5.55	2.00
<b>1945</b>	199	71,282,195	8,282,254	2,372,254	5.70	2.00	1.00
<b>1944</b>	203	71,324,436	8,182,804	2,182,804	6.06	1.90	1.00
<b>1943</b>	201	67,351,104	6,363,542	2,288,542	4.11	2.01	1.00
<b>1942</b>	202	62,613,293	6,184,753	2,184,753	4.04	1.90	1.00
<b>1941</b>	202	53,013,016	4,399,094	2,522,594	1.90	2.24	1.25
<b>1940</b>	199	46,207,993	2,911,199	2,332,511	.59	2.05	1.00
<b>1939</b>	200	43,193,608	2,590,201	2,231,012	.36	1.95	1.25

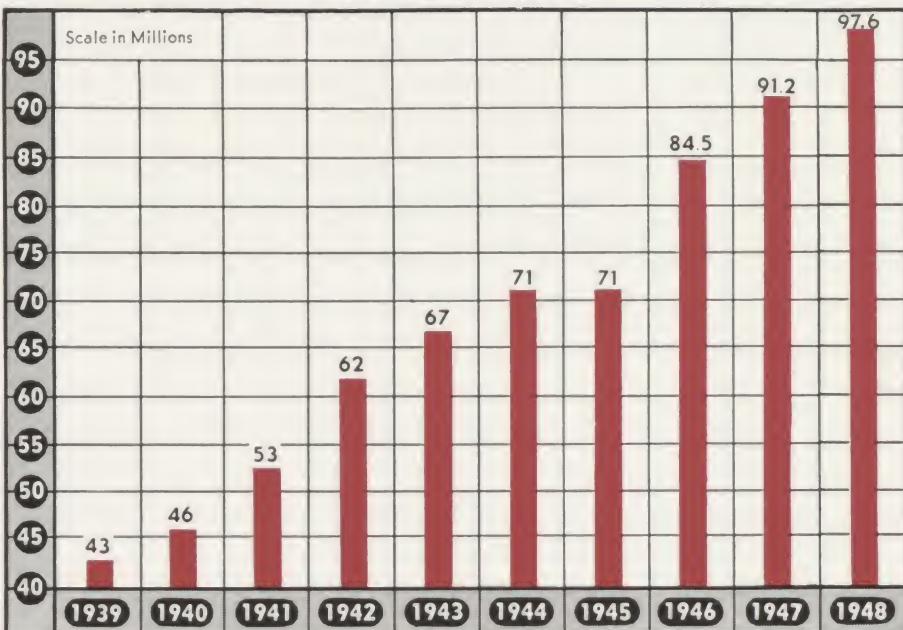
## BALANCE SHEET INFORMATION

	<i>Assets</i>	<i>CURRENT Liabilities</i>	<i>Net Working Capital</i>	<i>Net Fixed Assets</i>	<i>Per Share of Common Stock</i>	
					<i>Working Capital</i>	<i>Net Worth</i>
<b>1948</b>	\$23,687,945	\$6,782,548	\$16,905,397	\$14,983,021	14.83	23.71
<b>1947</b>	27,100,690	9,098,099	18,002,591	11,809,483	15.79	21.88
<b>1946</b>	24,004,068	6,810,585	17,193,483	10,744,300	15.08	20.16
<b>1945</b>	19,516,530	7,516,974	11,999,556	10,285,770	11.57	16.48
<b>1944</b>	19,403,172	8,012,208	11,390,964	10,849,283	11.50	15.06
<b>1943</b>	18,543,282	7,858,453	10,684,829	11,293,066	10.79	14.15
<b>1942</b>	18,475,795	8,713,568	9,762,227	11,915,988	9.86	13.15
<b>1941</b>	14,521,890	5,919,016	8,602,874	12,101,263	8.69	12.05
<b>1940</b>	11,115,409	3,361,337	7,754,072	11,980,207	7.83	11.05
<b>1939</b>	10,727,349	3,515,832	7,211,517	11,473,185	7.28	10.91

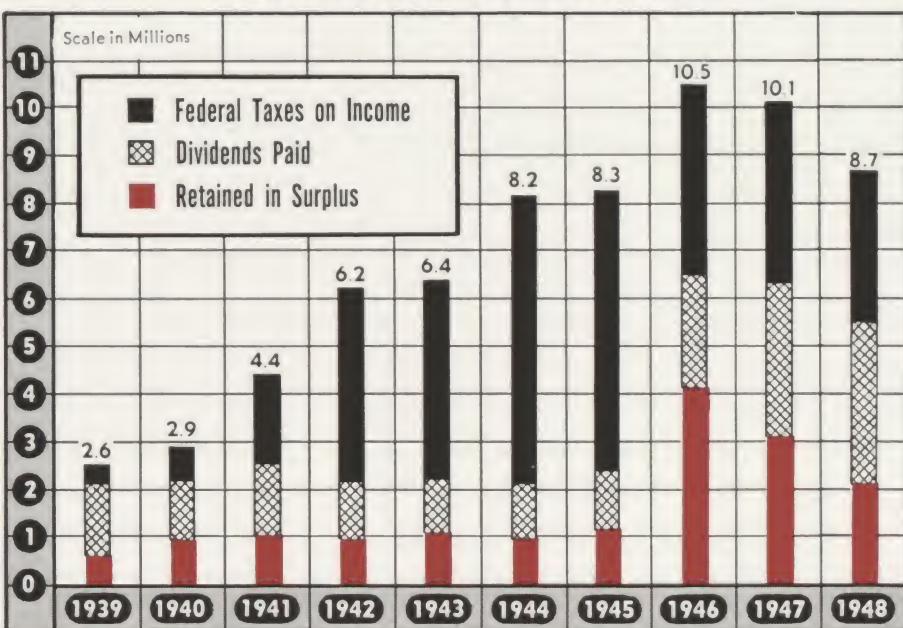
McCRORY  
STORES  
CORPORATION

# Graphic Picture of Sales & Profits

## ANNUAL SALES



## DISPOSITION OF INCOME



SALES  
AND  
PROFITS

**TO THE BOARD OF DIRECTORS  
McCRORY STORES CORPORATION  
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation (Delaware Corporation) as at December 31, 1948 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation (Delaware Corporation) at December 31, 1948 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**S. D. LEIDESDORF & CO.**

*Certified Public Accountants*

New York, N. Y. February 14, 1949.

**ACCOUNTANTS'  
REPORT**

# *Statement of Income and Earned Surplus*

For the Year Ended December 31, 1948

SALES (merchandise, restaurant and concession) . . . . .	\$97,588,160.00
Cost of goods sold and operating expenses including oc- cupancy and general and administrative expenses . . . . .	88,226,555.17
	<hr/>
	9,361,604.83
Miscellaneous income, less other deductions . . . . .	73,530.72
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Income before depreciation, amortization and Federal income taxes . . . . .	9,435,135.55
Depreciation and amortization . . . . .	746,395.05
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Income before Federal income taxes . . . . .	8,688,740.50
Provision for Federal income taxes . . . . .	3,200,000.00
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NET INCOME FOR THE YEAR . . . . .	5,488,740.50
EARNED SURPLUS (since January 1, 1936) :	
Balance—December 31, 1947 . . . . .	16,091,352.77
	<hr/>
	21,580,093.27
Dividends paid on:	
Common Stock—\$2.80 per share	\$ 3,192,674.80
3½% Cumulative Convertible	
Preferred Stock . . . . .	210,000.00      3,402,674.80
	<hr/>
EARNED SURPLUS—Balance December 31, 1948—Note D	\$18,177,418.47
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The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

McCRORY  
STORES  
CORPORATION

# McCormick Stores

(Delaware Co.)

## BALANCE SHEET as of December 31, 1936

### ASSETS

#### CURRENT ASSETS:

Cash on hand, in banks and in transit	\$ 7,194,992.70
U. S. Government obligations—at par	5,000,000.00
Merchandise inventories at stores and warehouses—Note A	\$ 9,751,192.91
Merchandise in transit—at cost	1,627,452.84
Miscellaneous accounts receivable, less reserve	114,307.18
Total Current Assets	<u>23,687,945.63</u>

#### FIXED ASSETS:

Real estate, at adjusted value Dec. 31, 1936 and subsequent additions at cost	6,105,935.53
Less: Reserve for depreciation	<u>1,477,236.04</u>
Furniture and fixtures, equipment and utensils, at adjusted value July 31, 1936 and subsequent additions at cost	7,694,475.94
Less: Reserve for depreciation	<u>3,143,925.73</u>
Improvements to leased property, at adjusted value Jan. 1, 1936 and subsequent additions at cost	8,714,094.35
Less: Reserve for amortization	<u>2,910,322.77</u>
Total Fixed Assets	<u>14,983,771.58</u>
	<u>14,983,021.28</u>

#### DEFERRED CHARGES:

Prepaid rents, insurance, taxes, store supplies, etc.	1,142,282.78
	<u>\$39,813,249.69</u>

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A—

##### Merchandise at Stores:

Inventories at the lower of cost or market based upon the retail method of inventory valuation	\$8,987,390.64
Inventories at cost—Restaurants	85,636.35
Merchandise at Warehouses—at cost	678,165.92
	<u>\$9,751,192.91</u>

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

#### NOTE B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$105.50 per share on or prior to January 1, 1950, and thereafter at successively reduced prices to January 1, 1952, after which date the redemption price will be \$104.00 per share, plus in each case accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price, and in the event of involuntary liquidation, is entitled to \$100.00 per share and accrued dividends.

McCORMICK  
STORES  
CORPORATION

# *s Corporation*

(corporation)

**December 31, 1948**

## **L I A B I L I T I E S**

### **CURRENT LIABILITIES:**

Accounts payable—including merchandise in transit	\$ 3,052,387.78
Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc.	3,464,872.09
Reserve for Federal taxes on income—	
Note F	\$3,265,288.60
Less: U. S. Treasury Notes	3,000,000.00
Total Current Liabilities	<u>265,288.60</u>
	<u>6,782,548.47</u>

### **CAPITAL STOCK AND SURPLUS:**

Preferred Stock—Cumulative Convertible Par Value \$100.00 Per Share:	
Authorized	80,000 shares
Issued and outstanding 60,000 shares which have been designated as 3½% Series — Note B	6,000,000.00
Common Stock—Par Value \$1.00 Per Share—Note C	
Authorized	1,400,000 shares
Issued and outstanding 1,140,241 shares	1,140,241.00
Capital Surplus	
(no change during year)—Note D	7,713,041.75
Earned Surplus (since January 1, 1936)	
—Note D	<u>18,177,418.47</u>
	<u>33,030,701.22</u>
	<u><u>\$39,813,249.69</u></u>

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE C—**

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

#### **NOTE D—**

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1948 in the approximate amount of \$15,700,000 is not available for dividends on the Common Stock.

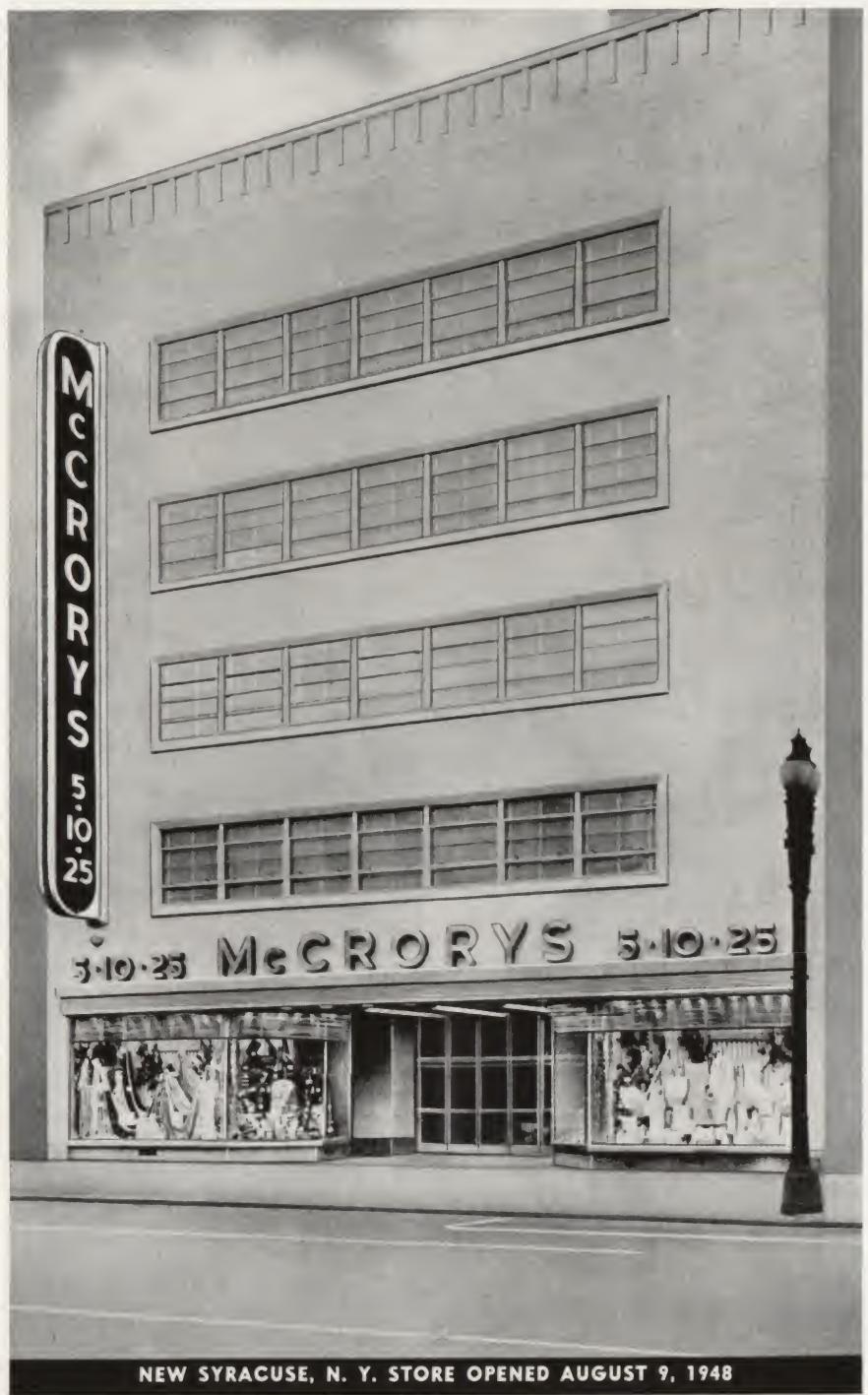
#### **NOTE E—**

During the year 1947, the Corporation liquidated all prior service costs of the Employees' Retirement Plan. In computing the 1948 provision for Federal income taxes a deduction was taken, in accordance with the present tax law, of approximately \$250,000. representing the prior service cost applicable to the year 1948.

#### **NOTE F—**

The accompanying financial statements are subject to final determination of Federal taxes on income.

**1948  
BALANCE  
SHEET**



NEW SYRACUSE, N. Y. STORE OPENED AUGUST 9, 1948



McCRORY  
STORES  
CORPORATION



MAIN FLOOR DESIGNED FOR ATTRACTIVE COUNTER DISPLAY



WIDE AISLES AND MODERN LIGHTING FOR CUSTOMER COMFORT



SYRACUSE  
N. Y.  
STORE



ENLARGED AND REMODELED NEWARK, N. J. STORE COMPLETED FEB. 1948

McCRORY  
STORES  
CORPORATION





INTERIOR VIEW OF MODERNIZED STREET FLOOR AND BASEMENT



FRESHLY BAKED FROM OUR NEWLY INSTALLED ULTRA MODERN OVENS



NEWARK  
N. J.  
STORE



McCRORY  
STORE  
EXTERIORS



REMODELED AND ENLARGED BRISTOL, PA. STORE



NEW PALESTINE, TEXAS STORE OPENED NOV. 13, 1948



WICHITA FALLS, TEXAS STORE AT NEW LOCATION ON MARCH 13, 1948

McCRORY  
STORE  
INTERIORS

<b>Alabama (2)</b>	<b>Indiana (3)</b>	<b>Ohio (9)</b>	<b>Pa. (cont.)</b>
Eufaula	Anderson	Canton	Somerset
Mobile	Indianapolis	Cleveland	South Fork
<b>Arkansas (3)</b>	Terre Haute	Dayton	Tyrone
Fort Smith		East Liverpool	Vandergrift
Jonesboro	<b>Kentucky (1)</b>	Hamilton	Waynesboro
†Eldorado	Louisville	Kent	Waynesburg
<b>Connecticut (1)</b>		Springfield	Wilkes-Barre
Danbury	<b>Louisiana (4)</b>	Steubenville	Windber
<b>Delaware (1)</b>	New Orleans	Youngstown	York
Dover	1626 Dryades St.		
<b>Dist. of Col. (1)</b>	1005 Canal St.	<b>Pennsylvania (58)</b>	<b>South Carolina (8)</b>
Washington	Shreveport	Allentown	Aiken
<b>Florida (37)</b>	†Lafayette	Altoona	Chester
Arcadia	<b>Maryland (8)</b>	Barneshoro	Columbia
Bartow	Baltimore	Bethlehem	Gaffney
Bradenton	Cambridge	Bradford	Georgetown
Clearwater	Crisfield	Bristol	Greenwood
Daytona Beach	Cumberland	Brookville	Newberry
128 S. Beach St.	Easton	Canonsburg	Rock Hill
814 Main St.	Frederick	Carlisle	
Deland	Hagerstown	Carnegie	
Fort Lauderdale	Salisbury	Chambersburg	
Fort Myers	<b>Massachusetts (2)</b>	Charleroi	
Fort Pierce	New Bedford	Chester	
Gainesville	1115 Acushnet Ave.	Clearfield	
Homestead	1009 S. Water St.	Connellsville	
Jacksonville	<b>Mississippi (2)</b>	Cresson	
Kissimmee	Jackson	Donora	
Lake City	McComb	DuBois	
Lakeland	<b>Missouri (1)</b>	Ebensburg	
Leesburg	St. Louis	Emporium	
Live Oak	<b>New Jersey (10)</b>	Franklin	
Melbourne	Asbury Park	Greensburg	
Miami	Atlantic City	Hanover	
Miami Beach	Burlington	Homestead	
New Smyrna	Camden	Huntingdon	
Ocala	Jersey City	Indiana	
Orlando	Newark	Johnstown	
Palatka	Orange	Kane	
Panama City	Passaic	Lancaster	
Plant City	Perth Amboy	Lebanon	
Punta Gorda	Rahway	Lewistown	
Quincey	<b>New York (7)</b>	Monongahela	
Sanford	Brooklyn	Mt. Pleasant	
Sarasota	Johnson City	New Brighton	
St. Augustine	New York City	Patton	
St. Petersburg	Long Island City	Philadelphia	
Tallahassee	Niagara Falls	1205 Market St.	
Wauchula	Syracuse	919 Market St.	
West Palm Beach	Rego Park	38 S. 52nd St.	
Winter Haven	<b>North Carolina (4)</b>	Philipsburg	
<b>Georgia (7)</b>	Dunn	Pittsburgh	
Atlanta	Fayetteville	105 E. Ohio St.	
Bainbridge	Roanoke Rapids	314 Fifth Avenue	
Columbus	Tarboro	Portage	
Cordele		Pottstown	
Savannah		Punxsutawney	
Tifton		Reading	
Valdosta		Reynoldsville	
		Ridgway	
		Scottsdale	
		Scranton	

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McCRORY STORES  
IN  
23 STATES\*

\*And the District of Columbia

†Stores contemplated or under Construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.



